



General Assembly

Substitute Bill No. 1329

January Session, 2007

* SB01329HED 053107 *

AN ACT CONCERNING BIODIESEL.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007*) For the purposes of sections
2 1 to 7, inclusive, of this act:

3 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long
4 chain fatty acids derived from vegetable oils or animal fats, designated
5 B100, and meeting the requirements of designation D6751 of the
6 American Society for Testing and Materials.

7 (2) "Qualified biodiesel producer" means a facility that produces
8 biodiesel and is registered with the state of Connecticut, domiciled in
9 Connecticut and actively engaged in the production of biodiesel in
10 Connecticut for commercial purposes.

11 (3) "Qualified biodiesel distributor" means a facility that stores and
12 distributes biodiesel and is registered with the state of Connecticut,
13 domiciled in Connecticut and actively engaged in the storage and
14 distribution of biodiesel in Connecticut for commercial purposes.

15 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) There is established an
16 account to be known as the "Connecticut qualified biodiesel producer
17 incentive account", which shall be a separate, nonlapsing account
18 within the General Fund. The account shall contain any moneys

19 required by law to be deposited in the account.

20 (b) The moneys in said account shall be expended by the
21 Connecticut Center for Advanced Technology for the purpose of
22 administration of the program providing grants to qualified biodiesel
23 producers and qualified biodiesel distributors pursuant to sections 3 to
24 7, inclusive, of this act.

25 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A qualified biodiesel
26 producer shall be eligible for not more than sixty monthly grants from
27 the account. The Connecticut Center for Advanced Technology shall
28 determine monthly grant amounts by calculating the estimated gallons
29 of biodiesel produced during the preceding month, as certified by the
30 Connecticut Center for Advanced Technology, and multiplying such
31 figure by the following per gallon amount or amounts: (1) For the first
32 five million gallons of biodiesel produced, thirty cents per gallon; (2)
33 for the second five million gallons of biodiesel produced, twenty cents
34 per gallon; and (3) for the third five million gallons of biodiesel
35 produced, ten cents per gallon.

36 (b) Biodiesel produced by a qualified biodiesel producer in excess of
37 fifteen million gallons shall not be eligible for a grant pursuant to this
38 section.

39 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) To receive a grant pursuant
40 to section 3 of this act, a qualified biodiesel producer shall file an
41 application for such funds not later than fifteen days after the last day
42 of the month for which the grant is sought. The application shall
43 include, but not be limited to, (1) the location of the qualified biodiesel
44 producer; (2) the number of Connecticut citizens employed by the
45 qualified biodiesel producer in the preceding month; (3) the number of
46 gallons of biodiesel produced during the month for which the grant is
47 sought; (4) a copy of the qualified biodiesel producer's Connecticut
48 registration; and (5) any other information deemed necessary by the
49 Connecticut Center for Advanced Technology to ensure that such
50 grants shall be made only to qualified biodiesel producers.

51 (b) The Connecticut Center for Advanced Technology shall pay all
52 grants for a particular month by the fifteenth day after receipt and
53 approval of the application filed pursuant to subsection (a) of this
54 section.

55 Sec. 5. (NEW) (*Effective July 1, 2007*) A qualified biodiesel producer
56 shall be eligible for a one-time grant pursuant to section 2 of this act to
57 assist with purchasing equipment or constructing, modifying or
58 retrofitting production facilities. Such grant shall not exceed three
59 million dollars, regardless of the number of facilities owned by said
60 qualified biodiesel producer.

61 Sec. 6. (NEW) (*Effective July 1, 2007*) A qualified biodiesel distributor
62 shall be eligible for a grant pursuant to section 2 of this act for
63 purposes other than to assist with purchasing equipment or
64 constructing, modifying or retrofitting facilities, including, but not
65 limited to, the actual costs of creating storage and distribution capacity
66 for biodiesel during the month. Such grants shall not exceed fifty
67 thousand dollars for any one distributor at any one site. The
68 Connecticut Center for Advanced Technology shall create an
69 application process and adopt rules for the administration of this grant
70 provision.

71 Sec. 7. (NEW) (*Effective July 1, 2007*) The management of the
72 Connecticut Center for Advanced Technology, in consultation with the
73 Department of Economic and Community Development, shall
74 promulgate rules and regulations necessary for the administration of
75 the provisions of this section on the progress of the grant programs
76 administered pursuant to sections 2 to 7, inclusive, of this act. The
77 Connecticut Center for Advanced Technology shall submit an annual
78 report, in accordance with the provisions of section 11-4a of the general
79 statutes, to the joint standing committees of the General Assembly
80 having cognizance of matters relating to energy and technology and
81 the environment.

82 Sec. 8. (NEW) (*Effective October 1, 2007*) (a) The Institute for
83 Sustainable Energy shall (1) compile and distribute educational
84 materials regarding biodiesel to municipalities, local boards of
85 education and private commercial entities to educate future
86 consumers, and (2) establish and administer a Connecticut biodiesel
87 link program to establish a database of schools, restaurants,
88 institutional cafeterias and other institutions and businesses in the
89 state that produce waste vegetable oil or other comparable food
90 product suitable for conversion to biodiesel. The database shall be
91 maintained by the Institute for Sustainable Energy and shall be made
92 available to the public on said institute's Internet web site. Businesses
93 interested in selling their waste vegetable oil or other comparable food
94 product to producers of biodiesel heating and motor vehicle fuel may
95 notify the Institute for Sustainable Energy and have their names,
96 contact information and intentions regarding such businesses placed
97 on said web site. The Institute for Sustainable Energy shall make
98 reasonable efforts to facilitate contact between parties with similar
99 interests.

100 (b) The Institute for Sustainable Energy shall post educational
101 materials regarding the Connecticut biodiesel link program on said
102 institute's Internet web site, and such information shall be posted on
103 the Internet web sites of the Department of Economic and Community
104 Development, the Department of Agriculture, the Connecticut
105 Agricultural Experiment Station, The University of Connecticut Biofuel
106 Consortium and The University of Connecticut Cooperative Extension
107 System, including, but not limited to, information regarding the
108 starting of a waste vegetable oil business and strategies for conducting
109 such business.

110 Sec. 9. (NEW) (*Effective July 1, 2007*) (a) There is established a grant
111 program for service stations, which shall be administered by the
112 Department of Economic and Community Development to reduce or
113 eliminate the upfront costs of installing new alternative fuel pumps or
114 converting gas or diesel pumps to dispense alternative fuels.

115 (b) The Commissioner of Economic and Community Development
116 shall adopt regulations, in accordance with the provisions of chapter
117 54 of the general statutes, for the administration of the program
118 established by this section.

119 Sec. 10. Subdivision (2) of subsection (b) of section 12-587 of the
120 general statutes is repealed and the following is substituted in lieu
121 thereof (*Effective July 1, 2007*):

122 (2) Gross earnings derived from the first sale of the following
123 petroleum products within this state shall be exempt from tax: (A) Any
124 petroleum products sold for exportation from this state for sale or use
125 outside this state; (B) the product designated by the American Society
126 for Testing and Materials as "Specification for Heating Oil D396-69", or
127 the latest version, commonly known as number 2 heating oil, to be
128 used exclusively for heating purposes or to be used in a commercial
129 fishing vessel, which vessel qualifies for an exemption pursuant to
130 section 12-412; (C) kerosene, commonly known as number 1 oil, to be
131 used exclusively for heating purposes, provided delivery is of both
132 number 1 and number 2 oil, and via a truck with a metered delivery
133 ticket to a residential dwelling or to a centrally metered system serving
134 a group of residential dwellings; (D) the product identified as propane
135 gas, to be used exclusively for heating purposes; (E) bunker fuel oil,
136 intermediate fuel, marine diesel oil and marine gas oil to be used in
137 any vessel having a displacement exceeding four thousand dead
138 weight tons; (F) for any first sale occurring prior to July 1, 2008,
139 propane gas to be used as a fuel for a motor vehicle; (G) for any first
140 sale occurring on or after July 1, 2002, grade number 6 fuel oil, as
141 defined in regulations adopted pursuant to section 16a-22c, to be used
142 exclusively by a company which, in accordance with census data
143 contained in the Standard Industrial Classification Manual, United
144 States Office of Management and Budget, 1987 edition, is included in
145 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in
146 the North American Industrial Classification System United States
147 Manual, United States Office of Management and Budget, 1997 edition;
148 (H) for any first sale occurring on or after July 1, 2002, number 2

149 heating oil to be used exclusively in a vessel primarily engaged in
150 interstate commerce, which vessel qualifies for an exemption under
151 section 12-412; (I) for any first sale occurring on or after July 1, 2000,
152 paraffin or microcrystalline waxes; (J) for any first sale occurring prior
153 to July 1, 2008, petroleum products to be used as a fuel for a fuel cell,
154 as defined in subdivision (113) of section 12-412; [or] (K) a commercial
155 heating oil blend containing not less than [ten] five per cent of
156 alternative fuels derived from agricultural produce, food waste, waste
157 vegetable oil or municipal solid waste, including, but not limited to,
158 biodiesel or low sulfur dyed diesel fuel; (L) for any first sale occurring
159 on or after July 1, 2007, biofuels or biodiesel that meet the
160 specifications of the American Society of Testing and Materials
161 designation D396, D975 or D6751 containing a blend of no less than
162 five per cent renewable content; or (M) for any first sale occurring on
163 or after July 1, 2007, additives of any derivation added to heating oil
164 that is used exclusively for heating purposes to maintain the stability
165 or operational performance of petroleum products.

166 Sec. 11. (NEW) (*Effective July 1, 2007*) (a) The Commissioner of
167 Administrative Services, in consultation with the Office of Policy and
168 Management, shall establish a program designed to encourage the use
169 in state buildings and facilities of biodiesel blended heating fuel mixed
170 from (1) not more than ninety-five per cent ultra low sulfur number 2
171 heating oil and not less than five per cent of biodiesel on or after July 1,
172 2008, and until June 30, 2010; (2) not more than ninety per cent ultra
173 low sulfur number 2 heating oil and not less than ten per cent of
174 biodiesel on or after July 1, 2010, and until June 30, 2012; and (3) not
175 more than eighty per cent ultra low sulfur number 2 heating oil and
176 not less than twenty per cent of biodiesel on or after July 1, 2012, and
177 until July 1, 2017.

178 (b) On or before January 1, 2008, the commissioner shall prepare a
179 plan for implementation of such program which shall include, but not
180 be limited to, (1) identification of state buildings and facilities suitable
181 for biodiesel blended heating fuel, (2) evaluation of energy efficiency
182 and reliability of biodiesel blended heating fuel in such buildings and

183 facilities, and (3) the availability and feasibility of exclusively using
184 such fuels or fuel products, including agricultural products or waste
185 yellow grease, produced in Connecticut.

186 Sec. 12. (NEW) (*Effective July 1, 2007*) (a) Notwithstanding section
187 10-266m of the general statutes, on and before July 1, 2008, and until
188 June 30, 2010, the Commissioner of Education shall, within available
189 appropriations, award grants annually to municipalities and to local
190 and regional boards of education to provide funds for the purchase of
191 biodiesel fuel mixed from not less than five per cent B100 biofuel for
192 school buses and school and municipal buildings. On and before July
193 1, 2010, and until June 30, 2012, said grants shall be awarded for the
194 purchase of biodiesel fuel mixed from not less than ten per cent B100
195 biofuel. On and after July 1, 2012, and until June 30, 2017, said grants
196 shall be awarded for the purchase of biodiesel fuel mixed from not less
197 than twenty per cent B100 biofuel.

198 (b) The commissioner shall adopt regulations, in accordance with
199 the provisions of chapter 54 of the general statutes, to set the standards
200 for the grant program established in subsection (a) of this section.

201 Sec. 13. (NEW) (*Effective July 1, 2007*) (a) The Connecticut
202 Agricultural Experiment Station, in consultation with The University
203 of Connecticut Cooperative Extension Service, The University of
204 Connecticut Biodiesel Consortium, and other state universities and
205 agencies, shall develop a program to enable The Connecticut
206 Agricultural Experiment Station, The University of Connecticut and
207 the other state universities and agencies to serve as testing centers for
208 biodiesel and biodiesel fuels for heating and transportation and to
209 develop quality monitoring standards that comply with the standards
210 of the American Society of Testing and Materials.

211 (b) The Connecticut Agricultural Experiment Station shall, on or
212 before February twenty-eighth, annually, submit a report regarding its
213 progress in accordance with the provisions of section 11-4a of the
214 general statutes to the joint standing committees of the General

215 Assembly having cognizance of matters relating to the environment,
216 commerce and energy and technology.

217 Sec. 14. (*Effective July 1, 2007*) The sum of one million three hundred
218 thousand dollars is appropriated to the Connecticut Agricultural
219 Experiment Station, from the General Fund, for the fiscal year ending
220 June 30, 2008, for biodiesel crop research and biodiesel testing in
221 accordance with section 13 of this act.

222 Sec. 15. (*Effective July 1, 2008*) The sum of eight hundred thousand
223 dollars is appropriated to the Connecticut Agricultural Experiment
224 Station, from the General Fund, for the fiscal years ending June 30,
225 2009, for biodiesel crop research and biodiesel testing in accordance
226 with section 13 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>October 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>July 1, 2007</i>	12-587(b)(2)
Sec. 11	<i>July 1, 2007</i>	New section
Sec. 12	<i>July 1, 2007</i>	New section
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2008</i>	New section

FIN Joint Favorable Subst.

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